

## COUNTY OF LINCOLN

### New Mexico Special Meeting Board of County Commissioners

Preston Stone, Chair  
Dallas Draper, Vice Chair

Thomas F. Stewart, Member  
Elaine Allen, Member  
Lynn Willard, Member

#### Minutes Tuesday, April 14, 2015

Minutes of the Special Meeting of the Lincoln County Commission held at 9:00 AM on April 14, 2015 in the County Commission Chambers, Lincoln County Courthouse, in Carrizozo, New Mexico.

#### 1. Call to Order

Chair Stone called the Regular Meeting of the Board of County Commissioners to order at 9:04:39 AM.

#### 2. Roll Call

##### Roll Call.

**Present:** Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

Others present included Nita Taylor, County Manager; Alan Morel, County Attorney; and Rhonda Burrows, County Clerk.

#### 3. Invocation

The invocation was presented by Commissioner Stewart.

#### 4. Pledge of Allegiance

- a. Pledge – US Flag
- b. Salute – NM Flag

#### 5. Approval of Agenda

**Motion:** Approve the agenda as presented, **Action:** Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Allen.

**Vote:** Motion carried by unanimous vote (**summary:** Yes = 5).

**Yes:** Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

Chair Stone recessed the Regular Meeting and convened the Public Hearing at 9:07:29 AM.

#### 6. 9:00 AM: A Public Hearing to consider possible change in rates to the Ordinance 2014-07 An Ordinance providing for the efficient and sanitary collection of Solid Waste in Lincoln County; providing for mandatory disposal and assessment of fees by Resolution 2014-40.

Joe Lewandowski, Operational Consultant for GSWA provided a detailed analysis of costs and revenues defined on a percentage basis per entity member of GSWA.

Charles Fiedler, Environmental Consultant with Gordon Associates provided an independent analysis of costs for solid waste services based on "tonnage" collected for various services.

Commissioner Stewart discussed the benefits of yard waste collection versus the potential to reduce rates by eliminating this service.

Elizabeth Hood, resident of Ruidoso objected to any discontinuation of yard waste collections stating the services helped to limit illegal dumping.

Doris Cherry, resident of the Capitan area questioned if GSWA had reduced services and commented on the removal of dumpsters from two areas. Ms. Cherry expressed belief the removal of dumpsters or any decrease in services would prompt an increase in illegal dumping.

Harrold McCaw, resident of Mountain View Road near Capitan discussed the County's billing him for two separate properties. Mr. McCaw stated there was only one residence on the properties and GSWA previously agreed to bill him for only one site. Mr. McCaw stated he recently began the process to re-plot and combine the properties.

Commissioner Willard questioned Mr. McCaw as to whether he objected to the rate GSWA billed him. Mr. McCaw stated he thought the rate was a little high but he did not object to the rate as much as being billed for the multiple properties.

Nita Taylor, County Manager explained the current Lincoln County Solid Waste Ordinance required property owners be billed for each parcel owned. Ms. Taylor stated any change to the billing criteria for issues such as one owner of multiple properties or the classification of a buildings as "uninhabitable" would require revision of the current Ordinance.

Mr. Lewandowski discussed various billing challenges experienced by GSWA over the years and provided some suggestions for revision of the Ordinance to standardize billing practices.

Commissioner Willard questioned if GSWA had removed dumpsters recently.

Debra Ingle, GSWA Operational Supervisor informed several dumpsters were removed recently for damage repair and some dumpsters were moved due to site problems. Ms. Ingle stated no dumpsters were removed as a result of the current dispute with Lincoln County.

Commissioner Allen questioned how GSWA accommodates the billing complaints if the County Ordinance was specific. Ms. Ingle stated GSWA would conduct site inspections to determine if a building was an actual residence or something such as a storage facility.

Ms. Taylor requested Mr. Lewandowski clarify whether or not GSWA had reduced services to County residents since the County began billing a different rate. Mr. Lewandowski reiterated GSWA had not reduced services due to the rate changes.

Commissioner Willard questioned if the estimated landfill tonnage hauled by GSWA was 5,123 tons annually. Mr. Lewandowski confirmed this was correct. Commissioner Willard clarified regardless of the collection method Mr. Fiedler's estimated cost for current services was \$200 per ton. Mr. Fiedler confirmed this was correct. Commissioner Willard stated based on GSWA's estimated tonnage of 5,123 and Mr. Fielder's estimated cost per ton of \$200, the estimated cost of services totaled \$1,024,000. Commissioner Willard suggested a comparison of estimated total cost of services based on Mr. Fiedler's \$200 cost per ton at \$1,024,000 to revenues reported by GSWA at \$1,033,000 from County residents. Mr. Lewandowski noted the reported \$1,033,000 in anticipated revenues from County residents was based on the GSWA suggested rate of \$70 per quarter.

Mary Stanfield, resident of Rancho Ruidoso Valley Estates, reminded the subdivision requested poly cart services in 2005 to reduce illegal dumping and requested the County continue that service. Ms. Stanfield also requested the yard waste disposal service and biannual cleanups continue to be offered to reduce illegal dumping.

Roy Gannaway of Rancho Ruidoso Valley Estates expressed appreciation for the yard waste pick up service but objected to the size limit of 12 cubic yards. Mr. Gannaway stated GSWA charged \$8 per cubic yard for waste hauled to the GSWA facility and suggested the 12 cubic yard size limit be increased or eliminated. Mr. Gannaway also questioned the fuel surcharge imposed by GSWA and commented there appeared to be no corresponding reduction in the surcharge although fuel costs had declined. Mr. Gannaway suggested the County could better monitor charges and costs by assuming billing for County residents.

Darwin Odom, expressed appreciation for the current solid waste services provided and noted his costs for solid waste disposal declined after moving to Lincoln County from Texas.

Ms. Taylor questioned the basis of GSWA's proposed \$70 rate. Mr. Lewandowski stated the proposed rate was based on the costs presented and percentage of time spent for services to each member. Ms. Taylor expressed concerns about Mr. Lewandowski's percentage "allocation" of services per entity as the basis of any proposed rate. Ms. Taylor suggested "actual costs" were the more appropriate basis for rate determination.

Ms. Taylor questioned Jeff Kaplan, General Services Director for the Village of Ruidoso (VOR), regarding his opinion as to which of the two methods of analysis presented provided the most appropriate basis for rate setting. Mr. Kaplan suggested a review of the entire operational budget of GSWA for each service provided and then dividing those costs by the tonnage associated with a particular service to determine cost. Mr. Kaplan stated the Village of Ruidoso allocated costs and set separate rates per services, such as, basic solid waste collection, yard waste collection, and recycling fees.

Commissioner Allen commented on Mr. Fiedler's analysis of the operational capacity of the new GSWA facility transfer station and questioned why GSWA built a new facility if the transfer station was not fully utilized.

Mr. Lewandowski stated GSWA built the new facility to accommodate multiple problems associated with the prior location site and to comply with new solid waste facility regulations. Mr. Lewandowski stated the \$7 million dollar GSWA transfer station and recycling facility currently carried \$3 million in debt. Mr. Lewandowski stated payment of this debt would provide an opportunity to reduce rates. Mr. Lewandowski also discussed the benefit of ownership of the landfill reminding any entity owner was entitled to a reduced landfill rate.

Commissioner Allen commented on the 30% increase in rates since 2008 and questioned if additional services were added during that period. Mr. Lewandowski attributed the increase in rates to tax increases, fuel increases, and other operational expenses.

Commissioner Allen questioned what services GSWA might cut to reduce overall costs. Mr. Lewandowski stated discontinuing certain services such as yard waste collection would reduce costs but suggested the services provided were necessary to "protect the health and safety" of citizens.

Commissioner Allen questioned how GSWA accomplished the reported \$500,000 reduction in expenses from prior years. Mr. Lewandowski stated this reduction in expenses was primarily a result of the withdrawal of the Alto Lakes Water and Sanitation District from GSWA.

Commissioner Draper expressed appreciation for the analysis provided by Mr. Lewandowski but reminded the Board of County Commissioners were obligated to justify the need for a rate increase amounting to approximately \$66 per resident per year.

Jean Colton, Trustee for the Village of Capitan questioned how many complaints the County received about GSWA's \$70 rate. Commissioner Draper stated he had personally received many complaints.

Sharon Stewart, resident of Sun Valley Water and Sanitation District, commented on the challenges of dealing with seasonal residents. Ms. Stewart expressed belief discontinuation of yard waste pickup would contribute to fire danger.

Ms. Taylor acknowledge the critical need to provide reimbursement of costs to GSWA and stated the issue was to identify the actual costs in order to set the rates.

Chair Stone adjourned the Public Hearing and reconvened the Regular Meeting at 11:52:53 AM.

**7. Potential Action on rates for Solid Waste Collection Services in Lincoln County outside municipalities and Alto Lakes Water and Sanitation District**

Chair Stone suggested action for this item be postponed until the Regular Meeting of April 21, 2015 to provide an opportunity for GSWA and the County to reach a compromise on rate adjustment, cooperate on the billing transition, begin revision of the Joint Powers Agreement, and either dismiss or stay any legal action. Chair Stone stated the maintenance of current services was a top priority.

**Motion:** Table action on a potential Rate Adjustment until the Regular Meeting of April 21, 2015,  
**Action:** Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Draper.  
**Vote:** Motion passed (summary: Yes = 4, No = 1, Abstain = 0).  
**Yes:** Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper.  
**No:** Commissioner Willard.

Chair Stone recessed the Regular Meeting at 12:01:45 PM and reconvened at 1:03:53 PM.

**8. 1:00 PM: LCMC Financial Healthcare Workshop**

Al Santos, LCMC administrator provided an analysis of revenues and expenses associated with Lincoln County Medical Center (LCMC). Mr. Santos defined the primary sources of revenue as 95.7% patient charges; 2.7% from Mill Levy revenues; 1.2% Safety Net Care Pool funding; and .4% other sources. Mr. Santos defined expenses as 41.9% operating expenses; 48.6% Contracts, Discounts and Allowances; 3.5% bad debt; and 1.9% charity or indigent care.

Mr. Santos stated LCMC's budgeted operating efficiency was approximately 2 to 5%. Mr. Santos discussed the need for reserves to meet requirements for "cash on hand"; Medicare and Medicaid requirements, and improved bond ratings.

Chair Stone recessed the Special Meeting at 2:13:14 PM and reconvened at 2:27:16 PM.

Bobby George of Dekker, Perich, and Sabatini presented his assessment of the Lincoln County Medical Center including the current challenges of maintaining a 60 year old facility to meet the requirements for Joint Commission Accreditation (JCA). Mr. George informed critical issues at the facility identified by JCA included a non-compliant emergency electrical system, undersized Intensive Care Unit rooms, and an aging mechanical system.

Mr. George discussed changes in the healthcare marketplace which placed more emphasis on outpatient services such as outpatient surgery, diagnostics, and specialty services. Mr. George discussed the need to shift care from the Emergency Department to an Urgent Care setting. Mr. George expressed belief the outdated facility inhibited recruitment and retention of nurses and physicians.

Mr. George stated there were four options to address these issues including: 1) do nothing; 2) bring existing facility up to minimum standards or use a "short term fix"; 3) renovation and expansion to replace critical areas and renovate remaining areas or 4) replacement with an entirely new facility on an adjacent site. Mr. George discussed the various pros and cons of each option and the associated estimated costs. Mr. George estimated the cost of the "short term fix" as minimally \$24 million; the cost of renovation and expansion as \$33 million; and the cost of a replacement facility as \$60 million.

Based on the various factors presented Mr. George recommended the Board of County Commissioners consider the renovation and expansion option. Mr. George stated this option utilized parts of the existing facility, provided new space for intensive uses, and presented a lower cost than building a new facility. Mr. George explained this option would require relocation of the current Emergency Medical Services facility.

Mr. Santos supported the renovation and expansion option and provided an analysis of various funding options. Mr. Santos stated in addition Presbyterian Health Services (PHS) would contribute \$8 million for purchase of equipment. Mr. Santos expressed belief LCMC could contribute an additional \$8 million in grants and private denotation's which in addition to County reserves would reduce the finance amount to approximately \$25 million. Mr. Santos anticipated an increase in the annual hospital lease based on improvements to and addition of leased facility space. Mr. Santos suggested the lease payment would then be sufficient to service the debt incurred for renovation and expansion.

Adam Johnson, Senior Lending Officer with New Mexico Finance Authority (NMFA) discussed the agency's relationship with Lincoln County and reminded the County often financed fire protection infrastructure projects through NMFA. Mr. Johnson discussed the advantage of utilizing NMFA including their AAA Standard and Poor's senior lien bond rating.

Mr. Johnson provided information related to various financing formulas including the issuance of both taxable and tax exempt bonds. Mr. Johnson explained the revenue stream dedicated to repayment of any loan would determine whether NMFA could provide tax exempt bonds. Mr. Johnson discussed various revenue streams which Lincoln County might pledge to finance and repay project loans. Mr. Johnson stated a pledge of the hospital lease payment would likely result in a taxable transaction.

Attorney Morel questioned if the termination clause in the current lease might hinder use of this payment for debt service. Mr. Johnson declined to provide an opinion pending an analysis of the lease payment by NMFA's bond counsel as to whether the lease payment could secure a loan and if so whether the loan would be taxable or tax exempt.

Mr. Santos suggested an increase in the lease payment to \$1.5 million annually as sufficient to secure the estimated \$25 million debt for renovation and expansion. Mr. Santos emphasized the

importance of beginning the NMFA application process as soon as possible to secure the lowest rates.

Attorney Morel questioned the dependency of partial financing through collection of \$8 million in grants and fundraising philanthropy. Mr. Santos stated LCMC had begun the process of securing private donation commitments but commented these efforts were pending adoption of a plan by the County Commission.

There was a general discussion regarding the various options presented as well as the associated financial requirements. Attorney Morel reminded as this agenda item was a workshop any action would need to occur at a later date.

**9. Signing of Official Documents**

**10. Next Meeting**

a. Regular Commission Meeting - April 21, 2015

**11. Adjournment**

There being no further business to come before the Board of County Commissioners, Chair Stone adjourned the meeting at 4:05:36 PM.

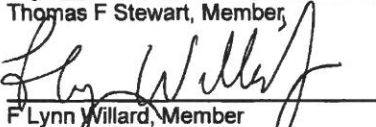
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ATTEST:

  
Rhonda Burrows, County Clerk

May 19, 2015  
Date Approved

